

PUBLIC SERVICE COMMISSION OF WISCONSIN

Minutes and Informal Instructions of the Open Meeting of  
Tuesday, November 24, 2009

The Public Service Commission of Wisconsin (Commission) met as noticed. Present were Chairperson Callisto, Commissioner Meyer, and Commissioner Azar.

**3370-WR-104 – Application of Marinette Municipal Water Utility, Marinette County, Wisconsin, for Authority to Increase Water Rates**

The Commission approved the Notice of Proceeding and directed it be signed by the Secretary to the Commission on behalf of the Commission.

**5760-WR-103 - Application of Stratford Municipal Water and Electric Utility, Marathon County, Wisconsin, for Authority to Increase Water Rates**

The Commission approved the Notice of Proceeding and directed it be signed by the Secretary to the Commission on behalf of the Commission.

**6220-WR-107 - Application of Waterloo Water and Light Commission, Jefferson County, Wisconsin, for Authority to Increase Water Rates**

The Commission approved the Notice of Proceeding and directed it be signed by the Secretary to the Commission on behalf of the Commission.

**6530-WR-103 - Application of Whiting Municipal Water and Sewer Utility, Portage County, Wisconsin, for Authority to Increase Water Rates**

The Commission approved the Notice of Proceeding and directed it be signed by the Secretary to the Commission on behalf of the Commission.

**137-CE-147 - Application of American Transmission Company, as an Electric Public Utility, to Construct a New 345 kV Transmission Line from the Rockdale Substation to the West Middleton Substation, Dane County, Wisconsin**

**Request of the Town of Pleasant Springs to Reopen Docket**

This item was laid over at the request of the Commission.

**6690-GF-125 – Electric Service Agreement for 2009-2010 Between Wisconsin Public Service Corporation and Georgia-Pacific Consumer Products**

The Commission approved the Contract Service Agreement for 2010-2011 between Wisconsin Public Service Corporation (WPSC) and Georgia-Pacific Consumer Products.

The Commission denied the request made on behalf of WPSC to change the manner in which future contracts between WPSC and Georgia-Pacific are treated.

The Commission directed the Gas and Energy Division to draft an order consistent with its discussion.

**5-GF-176 – Annual Cost Allocation for Renewable Energy Credit Tracking System  
Pursuant to Wis. Admin. Code § PSC 118.06(4)**

The Commission approved the 2008 expenses submitted on behalf of APX, Inc., for administering the Midwest Renewable Energy Tracking System (M-RETS), pursuant to Wis. Admin. Code PSC § 118.06(4(b)).

The Commission determined that, pursuant to Wis. Stat. § 196.378(2)(d), the Wisconsin electric providers may recover these costs from ratepayers.

The Commission approved allocation of the costs under the existing fee schedule as proposed by APX, Inc., for 2009.

The Commission delegated the authority to review and approve a new fee schedule for 2010 for M-RETS to the Administrator of the Gas and Energy Division.

The Commission directed the Gas and Energy Division to draft an order consistent with its discussion.

**6680-UR-117 - Application of Wisconsin Power and Light Company for Authority to  
Adjust Electric and Natural Gas Rates**

The Commission discussed the record in this docket and made determinations, including the following:

1. The Wisconsin Power & Light Company (WP&L) test year fuel cost should be calculated based on the hybrid gas cost recovery method.

Chairperson Callisto dissented.

2. The amount of \$118,000 should be included in the electric revenue requirement for the Cedar Ridge Wind Farm availability bonus payment.

Commissioner Meyer dissented.

3. The uncollectible accounts expense should not be adjusted for the final revenue increases.

Chairperson Callisto dissented.

4. Escrow accounting for the uncollectible accounts expense shall not be authorized in 2010.
5. It is reasonable to add \$500,000 back into the revenue requirement for gas residential sales for the test year.
6. It is reasonable for WP&L to recover 50 percent of its Nelson Dewey Unit 3 (NED 3) pre-construction costs incurred prior to July 1, 2008.

Commissioner Meyer dissented.

7. The appropriate level of carrying costs for NED 3 pre-construction costs is at the short-term debt rate.

Commissioner Azar dissented.

8. It is reasonable for WP&L to recover NED 3 pre-certification costs incurred prior to July 1, 2008.

Commissioner Meyer dissented.

9. The late-filed industrial sales forecast should not be included in the electric revenue requirement.

Commissioner Azar dissented.

10. The late-filed estimate of automated meter infrastructure capital expenditures should be included in the electric and gas revenue requirements.

Commissioner Azar dissented.

11. The late-filed updated estimate of Bent Tree construction work in progress expenditures should not be included in the electric revenue requirement.

Chairperson Callisto dissented.

12. The operations and maintenance (O&M) impact, including payroll taxes of a 1.0 percent furlough for all WP&L union, non-union, and SERVCO employees, should be included in the electric and natural gas revenue requirements.
13. The initial operating expenses (return on net rate base, depreciation expenses and O&M costs) of Bent Tree going into service December 2010 should be deferred and addressed in a future rate proceeding.

Chairperson Callisto dissented.

14. WP&L should be allowed a current return on 50 percent of the Bent Tree construction work in progress and capitalize allowance for funds used during construction for the remaining 50 percent.

Chairperson Callisto dissented.

15. An appropriate target level for WP&L's test year average common equity measured on a financial basis continues to be 51.0 percent.
16. An appropriate short-term borrowing level for WP&L's test year average commercial paper is \$72,695,000, adjusted to reflect other decisions in this proceeding and based on a maximum borrowing authority of \$250,000,000.
17. A reasonable rate of turn on WP&L's common equity is 10.4 percent.

Commissioner Meyer dissented.

18. A reasonable rate for WP&L's short-term borrowing through commercial paper is 0.85 percent, based on the yield forecast for A-1/P-1 commercial paper rates.
19. A reasonable rate for WP&L's \$250,000,000 long-term debt issuance is 5.9 percent.
20. The appropriate electric revenue allocation is 1.5 to 2.0 percent above average for small customers and 1.5 to 2.0 percent below average for large customers.
21. WP&L shall submit a plan by September 1, 2010, to convert the Cg-2 rate into a mandatory time of day rate with implementation in 2011 and close the flat rate option to new customers now.
22. The rates for Small Generation Service and Seasonal Agricultural Service should be increased by 5.13 percent and 4.88 percent, respectively.

Minutes and Informal Instructions of the Open Meeting of  
Tuesday, November 24, 2009  
Page 5

The Commission directed the Gas and Energy Division to draft an order consistent with its discussion.

The Commission adjourned the meeting at 2:05 p.m.

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Sandra J. Paske  
Secretary to the Commission